

223—48.4 (303,404A) Qualified and nonqualified rehabilitation costs.

48.4(1) Qualified rehabilitation costs are as defined in Section 47, rehabilitation credit, of the Internal Revenue Code.

48.4(2) Costs deducted as expenses in the tax year in which they are paid or incurred are nonqualified rehabilitation costs for determination of historic tax credits.

48.4(3) Architectural and engineering fees, site survey fees, legal fees, insurance premiums, development fees and other construction-related expenses are qualified rehabilitation costs for determination of historic tax credits to the extent they increase the tax basis of the eligible property.

48.4(4) Sidewalk, parking lot and landscaping expenses are nonqualified rehabilitation costs for determination of historic tax credits.

48.4(5) Only qualified rehabilitation costs incurred during the 24-month period immediately prior to the date the building was placed in service may be used for determination of historic tax credits, excluding any costs incurred prior to inception of this program.

a. Qualified rehabilitation costs incurred prior to approval by the SHPO of part two of the application (see rule 223—48.6(303,404A)) may be considered in the determination of historic tax credits.

b. Applicants who undertake rehabilitation projects without prior approval from the SHPO do so at their own risk.

48.4(6) Any submission of a part three of the application with qualified rehabilitation costs of more than \$500,000 shall include a certified statement by a certified public accountant verifying that the expenses statement includes only qualified rehabilitation costs incurred in the time period established in subrule 48.4(5).

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